
HOUSE BILL 2110

State of Washington

63rd Legislature

2014 Regular Session

By Representative Haler

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1 AN ACT Relating to creating a uniform business and occupation tax
2 rate; amending RCW 82.04.260, 82.04.260, 82.04.260, 82.04.260,
3 82.04.290, 82.04.290, 82.04.230, 82.04.240, 82.04.240, 82.04.2404,
4 82.04.255, 82.04.257, 82.04.263, 82.04.270, 82.04.272, 82.04.280,
5 82.04.280, 82.04.285, 82.04.286, 82.04.2905, 82.04.2906, 82.04.2907,
6 82.04.2908, 82.04.294, and 82.04.298; reenacting and amending RCW
7 82.32.790; providing an effective date; providing contingent effective
8 dates; providing an expiration date; and providing contingent
9 expiration dates.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 **Sec. 1.** RCW 82.04.260 and 2013 2nd sp.s. c 13 s 202 are each
12 amended to read as follows:

13 (1) Upon every person engaging within this state in the business of
14 manufacturing:

15 (a) Wheat into flour, barley into pearl barley, soybeans into
16 soybean oil, canola into canola oil, canola meal, or canola by-
17 products, or sunflower seeds into sunflower oil; as to such persons the
18 amount of tax with respect to such business is equal to the value of

1 the flour, pearl barley, oil, canola meal, or canola by-product
2 manufactured, multiplied by the rate of (~~(0.138)~~) 0.2904 percent;

3 (b) Beginning July 1, 2015, seafood products that remain in a raw,
4 raw frozen, or raw salted state at the completion of the manufacturing
5 by that person; or selling manufactured seafood products that remain in
6 a raw, raw frozen, or raw salted state at the completion of the
7 manufacturing, to purchasers who transport in the ordinary course of
8 business the goods out of this state; as to such persons the amount of
9 tax with respect to such business is equal to the value of the products
10 manufactured or the gross proceeds derived from such sales, multiplied
11 by the rate of (~~(0.138)~~) 0.2904 percent. Sellers must keep and
12 preserve records for the period required by RCW 82.32.070 establishing
13 that the goods were transported by the purchaser in the ordinary course
14 of business out of this state;

15 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy
16 products that the person has manufactured to purchasers who either
17 transport in the ordinary course of business the goods out of state or
18 purchasers who use such dairy products as an ingredient or component in
19 the manufacturing of a dairy product; as to such persons the tax
20 imposed is equal to the value of the products manufactured or the gross
21 proceeds derived from such sales multiplied by the rate of (~~(0.138)~~)
22 0.2904 percent. Sellers must keep and preserve records for the period
23 required by RCW 82.32.070 establishing that the goods were transported
24 by the purchaser in the ordinary course of business out of this state
25 or sold to a manufacturer for use as an ingredient or component in the
26 manufacturing of a dairy product.

27 (ii) For the purposes of this subsection (1)(c), "dairy products"
28 means:

29 (A) Products that as of September 20, 2001, are identified in 21
30 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from
31 the manufacturing of the dairy products, such as whey and casein; and

32 (B) Products comprised of not less than seventy percent dairy
33 products that qualify under (c)(ii)(A) of this subsection, measured by
34 weight or volume.

35 (iii) The preferential tax rate provided to taxpayers under this
36 subsection (1)(c) does not apply to sales of dairy products on or after
37 July 1, 2023, where a dairy product is used by the purchaser as an

1 ingredient or component in the manufacturing in Washington of a dairy
2 product;

3 (d) Beginning July 1, 2015, fruits or vegetables by canning,
4 preserving, freezing, processing, or dehydrating fresh fruits or
5 vegetables, or selling at wholesale fruits or vegetables manufactured
6 by the seller by canning, preserving, freezing, processing, or
7 dehydrating fresh fruits or vegetables and sold to purchasers who
8 transport in the ordinary course of business the goods out of this
9 state; as to such persons the amount of tax with respect to such
10 business is equal to the value of the products manufactured or the
11 gross proceeds derived from such sales multiplied by the rate of
12 ~~((0.138))~~ 0.2904 percent. Sellers must keep and preserve records for
13 the period required by RCW 82.32.070 establishing that the goods were
14 transported by the purchaser in the ordinary course of business out of
15 this state;

16 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
17 feedstock, as those terms are defined in RCW 82.29A.135; as to such
18 persons the amount of tax with respect to the business is equal to the
19 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
20 manufactured, multiplied by the rate of 0.138 percent; and

21 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
22 persons the amount of tax with respect to the business is equal to the
23 value of wood biomass fuel manufactured, multiplied by the rate of
24 ~~((0.138))~~ 0.2904 percent.

25 (2) Upon every person engaging within this state in the business of
26 splitting or processing dried peas; as to such persons the amount of
27 tax with respect to such business is equal to the value of the peas
28 split or processed, multiplied by the rate of ~~((0.138))~~ 0.2904 percent.

29 (3) Upon every nonprofit corporation and nonprofit association
30 engaging within this state in research and development, as to such
31 corporations and associations, the amount of tax with respect to such
32 activities is equal to the gross income derived from such activities
33 multiplied by the rate of ~~((0.484))~~ 0.2904 percent.

34 (4) Upon every person engaging within this state in the business of
35 slaughtering, breaking and/or processing perishable meat products
36 and/or selling the same at wholesale only and not at retail; as to such
37 persons the tax imposed is equal to the gross proceeds derived from
38 such sales multiplied by the rate of ~~((0.138))~~ 0.2904 percent.

1 (5) Upon every person engaging within this state in the business of
2 acting as a travel agent or tour operator; as to such persons the
3 amount of the tax with respect to such activities is equal to the gross
4 income derived from such activities multiplied by the rate of ((~~0.275~~))
5 0.2904 percent.

6 (6) Upon every person engaging within this state in business as an
7 international steamship agent, international customs house broker,
8 international freight forwarder, vessel and/or cargo charter broker in
9 foreign commerce, and/or international air cargo agent; as to such
10 persons the amount of the tax with respect to only international
11 activities is equal to the gross income derived from such activities
12 multiplied by the rate of ((~~0.275~~)) 0.2904 percent.

13 (7) Upon every person engaging within this state in the business of
14 stevedoring and associated activities pertinent to the movement of
15 goods and commodities in waterborne interstate or foreign commerce; as
16 to such persons the amount of tax with respect to such business is
17 equal to the gross proceeds derived from such activities multiplied by
18 the rate of ((~~0.275~~)) 0.2904 percent. Persons subject to taxation
19 under this subsection are exempt from payment of taxes imposed by
20 chapter 82.16 RCW for that portion of their business subject to
21 taxation under this subsection. Stevedoring and associated activities
22 pertinent to the conduct of goods and commodities in waterborne
23 interstate or foreign commerce are defined as all activities of a
24 labor, service or transportation nature whereby cargo may be loaded or
25 unloaded to or from vessels or barges, passing over, onto or under a
26 wharf, pier, or similar structure; cargo may be moved to a warehouse or
27 similar holding or storage yard or area to await further movement in
28 import or export or may move to a consolidation freight station and be
29 stuffed, unstuffed, containerized, separated or otherwise segregated or
30 aggregated for delivery or loaded on any mode of transportation for
31 delivery to its consignee. Specific activities included in this
32 definition are: Wharfage, handling, loading, unloading, moving of
33 cargo to a convenient place of delivery to the consignee or a
34 convenient place for further movement to export mode; documentation
35 services in connection with the receipt, delivery, checking, care,
36 custody and control of cargo required in the transfer of cargo;
37 imported automobile handling prior to delivery to consignee; terminal
38 stevedoring and incidental vessel services, including but not limited

1 to plugging and unplugging refrigerator service to containers,
2 trailers, and other refrigerated cargo receptacles, and securing ship
3 hatch covers.

4 (8)(a) Upon every person engaging within this state in the business
5 of disposing of low-level waste, as defined in RCW 43.145.010; as to
6 such persons the amount of the tax with respect to such business is
7 equal to the gross income of the business, excluding any fees imposed
8 under chapter 43.200 RCW, multiplied by the rate of (~~(3.3)~~) 0.2904
9 percent.

10 (b) If the gross income of the taxpayer is attributable to
11 activities both within and without this state, the gross income
12 attributable to this state must be determined in accordance with the
13 methods of apportionment required under RCW 82.04.460.

14 (9) Upon every person engaging within this state as an insurance
15 producer or title insurance agent licensed under chapter 48.17 RCW or
16 a surplus line broker licensed under chapter 48.15 RCW; as to such
17 persons, the amount of the tax with respect to such licensed activities
18 is equal to the gross income of such business multiplied by the rate of
19 (~~(0.484)~~) 0.2904 percent.

20 (10) Upon every person engaging within this state in business as a
21 hospital, as defined in chapter 70.41 RCW, that is operated as a
22 nonprofit corporation or by the state or any of its political
23 subdivisions, as to such persons, the amount of tax with respect to
24 such activities is equal to the gross income of the business multiplied
25 by the rate of 0.75 percent through June 30, 1995, and (~~(1.5)~~) 0.2904
26 percent thereafter.

27 (11)(a) Beginning October 1, 2005, upon every person engaging
28 within this state in the business of manufacturing commercial
29 airplanes, or components of such airplanes, or making sales, at retail
30 or wholesale, of commercial airplanes or components of such airplanes,
31 manufactured by the seller, as to such persons the amount of tax with
32 respect to such business is, in the case of manufacturers, equal to the
33 value of the product manufactured and the gross proceeds of sales of
34 the product manufactured, or in the case of processors for hire, equal
35 to the gross income of the business, multiplied by the rate of:

- 36 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and
- 37 (ii) 0.2904 percent beginning July 1, 2007.

1 (b) Beginning July 1, 2008, upon every person who is not eligible
2 to report under the provisions of (a) of this subsection (11) and is
3 engaging within this state in the business of manufacturing tooling
4 specifically designed for use in manufacturing commercial airplanes or
5 components of such airplanes, or making sales, at retail or wholesale,
6 of such tooling manufactured by the seller, as to such persons the
7 amount of tax with respect to such business is, in the case of
8 manufacturers, equal to the value of the product manufactured and the
9 gross proceeds of sales of the product manufactured, or in the case of
10 processors for hire, be equal to the gross income of the business,
11 multiplied by the rate of 0.2904 percent.

12 (c) For the purposes of this subsection (11), "commercial airplane"
13 and "component" have the same meanings as provided in RCW 82.32.550.

14 (d) In addition to all other requirements under this title, a
15 person reporting under the tax rate provided in this subsection (11)
16 must file a complete annual report with the department under RCW
17 82.32.534.

18 (e) This subsection (11) does not apply on and after July 1, 2024.

19 (12)(a) Until July 1, 2024, upon every person engaging within this
20 state in the business of extracting timber or extracting for hire
21 timber; as to such persons the amount of tax with respect to the
22 business is, in the case of extractors, equal to the value of products,
23 including by-products, extracted, or in the case of extractors for
24 hire, equal to the gross income of the business, multiplied by the rate
25 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
26 percent from July 1, 2007, through June 30, 2024.

27 (b) Until July 1, 2024, upon every person engaging within this
28 state in the business of manufacturing or processing for hire: (i)
29 Timber into timber products or wood products; or (ii) timber products
30 into other timber products or wood products; as to such persons the
31 amount of the tax with respect to the business is, in the case of
32 manufacturers, equal to the value of products, including by-products,
33 manufactured, or in the case of processors for hire, equal to the gross
34 income of the business, multiplied by the rate of 0.4235 percent from
35 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
36 2007, through June 30, 2024.

37 (c) Until July 1, 2024, upon every person engaging within this
38 state in the business of selling at wholesale: (i) Timber extracted by

1 that person; (ii) timber products manufactured by that person from
2 timber or other timber products; or (iii) wood products manufactured by
3 that person from timber or timber products; as to such persons the
4 amount of the tax with respect to the business is equal to the gross
5 proceeds of sales of the timber, timber products, or wood products
6 multiplied by the rate of 0.4235 percent from July 1, 2006, through
7 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
8 2024.

9 (d) Until July 1, 2024, upon every person engaging within this
10 state in the business of selling standing timber; as to such persons
11 the amount of the tax with respect to the business is equal to the
12 gross income of the business multiplied by the rate of 0.2904 percent.
13 For purposes of this subsection (12)(d), "selling standing timber"
14 means the sale of timber apart from the land, where the buyer is
15 required to sever the timber within thirty months from the date of the
16 original contract, regardless of the method of payment for the timber
17 and whether title to the timber transfers before, upon, or after
18 severance.

19 (e) For purposes of this subsection, the following definitions
20 apply:

21 (i) "Biocomposite surface products" means surface material products
22 containing, by weight or volume, more than fifty percent recycled paper
23 and that also use nonpetroleum-based phenolic resin as a bonding agent.

24 (ii) "Paper and paper products" means products made of interwoven
25 cellulosic fibers held together largely by hydrogen bonding. "Paper
26 and paper products" includes newsprint; office, printing, fine, and
27 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
28 kraft bag, construction, and other kraft industrial papers; paperboard,
29 liquid packaging containers, containerboard, corrugated, and solid-
30 fiber containers including linerboard and corrugated medium; and
31 related types of cellulosic products containing primarily, by weight or
32 volume, cellulosic materials. "Paper and paper products" does not
33 include books, newspapers, magazines, periodicals, and other printed
34 publications, advertising materials, calendars, and similar types of
35 printed materials.

36 (iii) "Recycled paper" means paper and paper products having fifty
37 percent or more of their fiber content that comes from postconsumer

1 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
2 waste" means a finished material that would normally be disposed of as
3 solid waste, having completed its life cycle as a consumer item.

4 (iv) "Timber" means forest trees, standing or down, on privately or
5 publicly owned land. "Timber" does not include Christmas trees that
6 are cultivated by agricultural methods or short-rotation hardwoods as
7 defined in RCW 84.33.035.

8 (v) "Timber products" means:

9 (A) Logs, wood chips, sawdust, wood waste, and similar products
10 obtained wholly from the processing of timber, short-rotation hardwoods
11 as defined in RCW 84.33.035, or both;

12 (B) Pulp, including market pulp and pulp derived from recovered
13 paper or paper products; and

14 (C) Recycled paper, but only when used in the manufacture of
15 biocomposite surface products.

16 (vi) "Wood products" means paper and paper products; dimensional
17 lumber; engineered wood products such as particleboard, oriented strand
18 board, medium density fiberboard, and plywood; wood doors; wood
19 windows; and biocomposite surface products.

20 (f) Except for small harvesters as defined in RCW 84.33.035, a
21 person reporting under the tax rate provided in this subsection (12)
22 must file a complete annual survey with the department under RCW
23 82.32.585.

24 (13) Upon every person engaging within this state in inspecting,
25 testing, labeling, and storing canned salmon owned by another person,
26 as to such persons, the amount of tax with respect to such activities
27 is equal to the gross income derived from such activities multiplied by
28 the rate of (~~(0.484)~~) 0.2904 percent.

29 (14)(a) Upon every person engaging within this state in the
30 business of printing a newspaper, publishing a newspaper, or both, the
31 amount of tax on such business is equal to the gross income of the
32 business multiplied by the rate of 0.365 percent through June 30, 2013,
33 and beginning July 1, 2013, multiplied by the rate of (~~(0.35)~~) 0.2904
34 percent.

35 (b) A person reporting under the tax rate provided in this
36 subsection (14) must file a complete annual report with the department
37 under RCW 82.32.534.

1 **Sec. 2.** RCW 82.04.260 and 2013 2nd sp.s. c 13 s 203 are each
2 amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 manufacturing:

5 (a) Wheat into flour, barley into pearl barley, soybeans into
6 soybean oil, canola into canola oil, canola meal, or canola by-
7 products, or sunflower seeds into sunflower oil; as to such persons the
8 amount of tax with respect to such business is equal to the value of
9 the flour, pearl barley, oil, canola meal, or canola by-product
10 manufactured, multiplied by the rate of (~~(0.138)~~) 0.2904 percent;

11 (b) Beginning July 1, 2015, seafood products that remain in a raw,
12 raw frozen, or raw salted state at the completion of the manufacturing
13 by that person; or selling manufactured seafood products that remain in
14 a raw, raw frozen, or raw salted state at the completion of the
15 manufacturing, to purchasers who transport in the ordinary course of
16 business the goods out of this state; as to such persons the amount of
17 tax with respect to such business is equal to the value of the products
18 manufactured or the gross proceeds derived from such sales, multiplied
19 by the rate of (~~(0.138)~~) 0.2904 percent. Sellers must keep and
20 preserve records for the period required by RCW 82.32.070 establishing
21 that the goods were transported by the purchaser in the ordinary course
22 of business out of this state;

23 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy
24 products that the person has manufactured to purchasers who either
25 transport in the ordinary course of business the goods out of state or
26 purchasers who use such dairy products as an ingredient or component in
27 the manufacturing of a dairy product; as to such persons the tax
28 imposed is equal to the value of the products manufactured or the gross
29 proceeds derived from such sales multiplied by the rate of (~~(0.138)~~)
30 0.2904 percent. Sellers must keep and preserve records for the period
31 required by RCW 82.32.070 establishing that the goods were transported
32 by the purchaser in the ordinary course of business out of this state
33 or sold to a manufacturer for use as an ingredient or component in the
34 manufacturing of a dairy product.

35 (ii) For the purposes of this subsection (1)(c), "dairy products"
36 means:

37 (A) Products that as of September 20, 2001, are identified in 21

1 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from
2 the manufacturing of the dairy products, such as whey and casein; and

3 (B) Products comprised of not less than seventy percent dairy
4 products that qualify under (c)(ii)(A) of this subsection, measured by
5 weight or volume.

6 (iii) The preferential tax rate provided to taxpayers under this
7 subsection (1)(c) does not apply to sales of dairy products on or after
8 July 1, 2023, where a dairy product is used by the purchaser as an
9 ingredient or component in the manufacturing in Washington of a dairy
10 product;

11 (d) Beginning July 1, 2015, fruits or vegetables by canning,
12 preserving, freezing, processing, or dehydrating fresh fruits or
13 vegetables, or selling at wholesale fruits or vegetables manufactured
14 by the seller by canning, preserving, freezing, processing, or
15 dehydrating fresh fruits or vegetables and sold to purchasers who
16 transport in the ordinary course of business the goods out of this
17 state; as to such persons the amount of tax with respect to such
18 business is equal to the value of the products manufactured or the
19 gross proceeds derived from such sales multiplied by the rate of
20 ~~((0.138))~~ 0.2904 percent. Sellers must keep and preserve records for
21 the period required by RCW 82.32.070 establishing that the goods were
22 transported by the purchaser in the ordinary course of business out of
23 this state;

24 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
25 feedstock, as those terms are defined in RCW 82.29A.135; as to such
26 persons the amount of tax with respect to the business is equal to the
27 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
28 manufactured, multiplied by the rate of 0.138 percent; and

29 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
30 persons the amount of tax with respect to the business is equal to the
31 value of wood biomass fuel manufactured, multiplied by the rate of
32 ~~((0.138))~~ 0.2904 percent.

33 (2) Upon every person engaging within this state in the business of
34 splitting or processing dried peas; as to such persons the amount of
35 tax with respect to such business is equal to the value of the peas
36 split or processed, multiplied by the rate of ~~((0.138))~~ 0.2904 percent.

37 (3) Upon every nonprofit corporation and nonprofit association
38 engaging within this state in research and development, as to such

1 corporations and associations, the amount of tax with respect to such
2 activities is equal to the gross income derived from such activities
3 multiplied by the rate of (~~(0.484)~~) 0.2904 percent.

4 (4) Upon every person engaging within this state in the business of
5 slaughtering, breaking and/or processing perishable meat products
6 and/or selling the same at wholesale only and not at retail; as to such
7 persons the tax imposed is equal to the gross proceeds derived from
8 such sales multiplied by the rate of (~~(0.138)~~) 0.2904 percent.

9 (5) Upon every person engaging within this state in the business of
10 acting as a travel agent or tour operator; as to such persons the
11 amount of the tax with respect to such activities is equal to the gross
12 income derived from such activities multiplied by the rate of (~~(0.275)~~)
13 0.2904 percent.

14 (6) Upon every person engaging within this state in business as an
15 international steamship agent, international customs house broker,
16 international freight forwarder, vessel and/or cargo charter broker in
17 foreign commerce, and/or international air cargo agent; as to such
18 persons the amount of the tax with respect to only international
19 activities is equal to the gross income derived from such activities
20 multiplied by the rate of (~~(0.275)~~) 0.2904 percent.

21 (7) Upon every person engaging within this state in the business of
22 stevedoring and associated activities pertinent to the movement of
23 goods and commodities in waterborne interstate or foreign commerce; as
24 to such persons the amount of tax with respect to such business is
25 equal to the gross proceeds derived from such activities multiplied by
26 the rate of (~~(0.275)~~) 0.2904 percent. Persons subject to taxation
27 under this subsection are exempt from payment of taxes imposed by
28 chapter 82.16 RCW for that portion of their business subject to
29 taxation under this subsection. Stevedoring and associated activities
30 pertinent to the conduct of goods and commodities in waterborne
31 interstate or foreign commerce are defined as all activities of a
32 labor, service or transportation nature whereby cargo may be loaded or
33 unloaded to or from vessels or barges, passing over, onto or under a
34 wharf, pier, or similar structure; cargo may be moved to a warehouse or
35 similar holding or storage yard or area to await further movement in
36 import or export or may move to a consolidation freight station and be
37 stuffed, unstuffed, containerized, separated or otherwise segregated or
38 aggregated for delivery or loaded on any mode of transportation for

1 delivery to its consignee. Specific activities included in this
2 definition are: Wharfage, handling, loading, unloading, moving of
3 cargo to a convenient place of delivery to the consignee or a
4 convenient place for further movement to export mode; documentation
5 services in connection with the receipt, delivery, checking, care,
6 custody and control of cargo required in the transfer of cargo;
7 imported automobile handling prior to delivery to consignee; terminal
8 stevedoring and incidental vessel services, including but not limited
9 to plugging and unplugging refrigerator service to containers,
10 trailers, and other refrigerated cargo receptacles, and securing ship
11 hatch covers.

12 (8)(a) Upon every person engaging within this state in the business
13 of disposing of low-level waste, as defined in RCW 43.145.010; as to
14 such persons the amount of the tax with respect to such business is
15 equal to the gross income of the business, excluding any fees imposed
16 under chapter 43.200 RCW, multiplied by the rate of (~~(3.3)~~) 0.2904
17 percent.

18 (b) If the gross income of the taxpayer is attributable to
19 activities both within and without this state, the gross income
20 attributable to this state must be determined in accordance with the
21 methods of apportionment required under RCW 82.04.460.

22 (9) Upon every person engaging within this state as an insurance
23 producer or title insurance agent licensed under chapter 48.17 RCW or
24 a surplus line broker licensed under chapter 48.15 RCW; as to such
25 persons, the amount of the tax with respect to such licensed activities
26 is equal to the gross income of such business multiplied by the rate of
27 (~~(0.484)~~) 0.2904 percent.

28 (10) Upon every person engaging within this state in business as a
29 hospital, as defined in chapter 70.41 RCW, that is operated as a
30 nonprofit corporation or by the state or any of its political
31 subdivisions, as to such persons, the amount of tax with respect to
32 such activities is equal to the gross income of the business multiplied
33 by the rate of 0.75 percent through June 30, 1995, and (~~(1.5)~~) 0.2904
34 percent thereafter.

35 (11)(a) Beginning October 1, 2005, upon every person engaging
36 within this state in the business of manufacturing commercial
37 airplanes, or components of such airplanes, or making sales, at retail
38 or wholesale, of commercial airplanes or components of such airplanes,

1 manufactured by the seller, as to such persons the amount of tax with
2 respect to such business is, in the case of manufacturers, equal to the
3 value of the product manufactured and the gross proceeds of sales of
4 the product manufactured, or in the case of processors for hire, equal
5 to the gross income of the business, multiplied by the rate of:

6 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

7 (ii) 0.2904 percent beginning July 1, 2007.

8 (b) Beginning July 1, 2008, upon every person who is not eligible
9 to report under the provisions of (a) of this subsection (11) and is
10 engaging within this state in the business of manufacturing tooling
11 specifically designed for use in manufacturing commercial airplanes or
12 components of such airplanes, or making sales, at retail or wholesale,
13 of such tooling manufactured by the seller, as to such persons the
14 amount of tax with respect to such business is, in the case of
15 manufacturers, equal to the value of the product manufactured and the
16 gross proceeds of sales of the product manufactured, or in the case of
17 processors for hire, be equal to the gross income of the business,
18 multiplied by the rate of 0.2904 percent.

19 (c) For the purposes of this subsection (11), "commercial airplane"
20 and "component" have the same meanings as provided in RCW 82.32.550.

21 (d) In addition to all other requirements under this title, a
22 person reporting under the tax rate provided in this subsection (11)
23 must file a complete annual report with the department under RCW
24 82.32.534.

25 (e) This subsection (11) does not apply on and after July 1, 2024.

26 (12)(a) Until July 1, 2024, upon every person engaging within this
27 state in the business of extracting timber or extracting for hire
28 timber; as to such persons the amount of tax with respect to the
29 business is, in the case of extractors, equal to the value of products,
30 including by-products, extracted, or in the case of extractors for
31 hire, equal to the gross income of the business, multiplied by the rate
32 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
33 percent from July 1, 2007, through June 30, 2024.

34 (b) Until July 1, 2024, upon every person engaging within this
35 state in the business of manufacturing or processing for hire: (i)
36 Timber into timber products or wood products; or (ii) timber products
37 into other timber products or wood products; as to such persons the
38 amount of the tax with respect to the business is, in the case of

1 manufacturers, equal to the value of products, including by-products,
2 manufactured, or in the case of processors for hire, equal to the gross
3 income of the business, multiplied by the rate of 0.4235 percent from
4 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
5 2007, through June 30, 2024.

6 (c) Until July 1, 2024, upon every person engaging within this
7 state in the business of selling at wholesale: (i) Timber extracted by
8 that person; (ii) timber products manufactured by that person from
9 timber or other timber products; or (iii) wood products manufactured by
10 that person from timber or timber products; as to such persons the
11 amount of the tax with respect to the business is equal to the gross
12 proceeds of sales of the timber, timber products, or wood products
13 multiplied by the rate of 0.4235 percent from July 1, 2006, through
14 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
15 2024.

16 (d) Until July 1, 2024, upon every person engaging within this
17 state in the business of selling standing timber; as to such persons
18 the amount of the tax with respect to the business is equal to the
19 gross income of the business multiplied by the rate of 0.2904 percent.
20 For purposes of this subsection (12)(d), "selling standing timber"
21 means the sale of timber apart from the land, where the buyer is
22 required to sever the timber within thirty months from the date of the
23 original contract, regardless of the method of payment for the timber
24 and whether title to the timber transfers before, upon, or after
25 severance.

26 (e) For purposes of this subsection, the following definitions
27 apply:

28 (i) "Biocomposite surface products" means surface material products
29 containing, by weight or volume, more than fifty percent recycled paper
30 and that also use nonpetroleum-based phenolic resin as a bonding agent.

31 (ii) "Paper and paper products" means products made of interwoven
32 cellulosic fibers held together largely by hydrogen bonding. "Paper
33 and paper products" includes newsprint; office, printing, fine, and
34 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
35 kraft bag, construction, and other kraft industrial papers; paperboard,
36 liquid packaging containers, containerboard, corrugated, and solid-
37 fiber containers including linerboard and corrugated medium; and
38 related types of cellulosic products containing primarily, by weight or

1 volume, cellulosic materials. "Paper and paper products" does not
2 include books, newspapers, magazines, periodicals, and other printed
3 publications, advertising materials, calendars, and similar types of
4 printed materials.

5 (iii) "Recycled paper" means paper and paper products having fifty
6 percent or more of their fiber content that comes from postconsumer
7 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
8 waste" means a finished material that would normally be disposed of as
9 solid waste, having completed its life cycle as a consumer item.

10 (iv) "Timber" means forest trees, standing or down, on privately or
11 publicly owned land. "Timber" does not include Christmas trees that
12 are cultivated by agricultural methods or short-rotation hardwoods as
13 defined in RCW 84.33.035.

14 (v) "Timber products" means:

15 (A) Logs, wood chips, sawdust, wood waste, and similar products
16 obtained wholly from the processing of timber, short-rotation hardwoods
17 as defined in RCW 84.33.035, or both;

18 (B) Pulp, including market pulp and pulp derived from recovered
19 paper or paper products; and

20 (C) Recycled paper, but only when used in the manufacture of
21 biocomposite surface products.

22 (vi) "Wood products" means paper and paper products; dimensional
23 lumber; engineered wood products such as particleboard, oriented strand
24 board, medium density fiberboard, and plywood; wood doors; wood
25 windows; and biocomposite surface products.

26 (f) Except for small harvesters as defined in RCW 84.33.035, a
27 person reporting under the tax rate provided in this subsection (12)
28 must file a complete annual survey with the department under RCW
29 82.32.585.

30 (13) Upon every person engaging within this state in inspecting,
31 testing, labeling, and storing canned salmon owned by another person,
32 as to such persons, the amount of tax with respect to such activities
33 is equal to the gross income derived from such activities multiplied by
34 the rate of (~~0.484~~) 0.2904 percent.

35 (14)(a) Upon every person engaging within this state in the
36 business of printing a newspaper, publishing a newspaper, or both, the
37 amount of tax on such business is equal to the gross income of the
38 business multiplied by the rate of 0.2904 percent.

1 (b) A person reporting under the tax rate provided in this
2 subsection (14) must file a complete annual report with the department
3 under RCW 82.32.534.

4 **Sec. 3.** RCW 82.04.260 and 2013 3rd sp.s. c ... (ESSB 5952) s 5 are
5 each amended to read as follows:

6 (1) Upon every person engaging within this state in the business of
7 manufacturing:

8 (a) Wheat into flour, barley into pearl barley, soybeans into
9 soybean oil, canola into canola oil, canola meal, or canola by-
10 products, or sunflower seeds into sunflower oil; as to such persons the
11 amount of tax with respect to such business is equal to the value of
12 the flour, pearl barley, oil, canola meal, or canola by-product
13 manufactured, multiplied by the rate of (~~(0.138)~~) 0.2904 percent;

14 (b) Beginning July 1, 2015, seafood products that remain in a raw,
15 raw frozen, or raw salted state at the completion of the manufacturing
16 by that person; or selling manufactured seafood products that remain in
17 a raw, raw frozen, or raw salted state at the completion of the
18 manufacturing, to purchasers who transport in the ordinary course of
19 business the goods out of this state; as to such persons the amount of
20 tax with respect to such business is equal to the value of the products
21 manufactured or the gross proceeds derived from such sales, multiplied
22 by the rate of (~~(0.138)~~) 0.2904 percent. Sellers must keep and
23 preserve records for the period required by RCW 82.32.070 establishing
24 that the goods were transported by the purchaser in the ordinary course
25 of business out of this state;

26 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy
27 products that the person has manufactured to purchasers who either
28 transport in the ordinary course of business the goods out of state or
29 purchasers who use such dairy products as an ingredient or component in
30 the manufacturing of a dairy product; as to such persons the tax
31 imposed is equal to the value of the products manufactured or the gross
32 proceeds derived from such sales multiplied by the rate of (~~(0.138)~~)
33 0.2904 percent. Sellers must keep and preserve records for the period
34 required by RCW 82.32.070 establishing that the goods were transported
35 by the purchaser in the ordinary course of business out of this state
36 or sold to a manufacturer for use as an ingredient or component in the
37 manufacturing of a dairy product.

1 (ii) For the purposes of this subsection (1)(c), "dairy products"
2 means:

3 (A) Products that as of September 20, 2001, are identified in 21
4 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from
5 the manufacturing of the dairy products, such as whey and casein; and

6 (B) Products comprised of not less than seventy percent dairy
7 products that qualify under (c)(ii)(A) of this subsection, measured by
8 weight or volume.

9 (iii) The preferential tax rate provided to taxpayers under this
10 subsection (1)(c) does not apply to sales of dairy products on or after
11 July 1, 2023, where a dairy product is used by the purchaser as an
12 ingredient or component in the manufacturing in Washington of a dairy
13 product;

14 (d) Beginning July 1, 2015, fruits or vegetables by canning,
15 preserving, freezing, processing, or dehydrating fresh fruits or
16 vegetables, or selling at wholesale fruits or vegetables manufactured
17 by the seller by canning, preserving, freezing, processing, or
18 dehydrating fresh fruits or vegetables and sold to purchasers who
19 transport in the ordinary course of business the goods out of this
20 state; as to such persons the amount of tax with respect to such
21 business is equal to the value of the products manufactured or the
22 gross proceeds derived from such sales multiplied by the rate of
23 ~~((0.138))~~ 0.2904 percent. Sellers must keep and preserve records for
24 the period required by RCW 82.32.070 establishing that the goods were
25 transported by the purchaser in the ordinary course of business out of
26 this state;

27 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
28 feedstock, as those terms are defined in RCW 82.29A.135; as to such
29 persons the amount of tax with respect to the business is equal to the
30 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
31 manufactured, multiplied by the rate of 0.138 percent; and

32 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
33 persons the amount of tax with respect to the business is equal to the
34 value of wood biomass fuel manufactured, multiplied by the rate of
35 ~~((0.138))~~ 0.2904 percent.

36 (2) Upon every person engaging within this state in the business of
37 splitting or processing dried peas; as to such persons the amount of

1 tax with respect to such business is equal to the value of the peas
2 split or processed, multiplied by the rate of (~~(0.138)~~) 0.2904 percent.

3 (3) Upon every nonprofit corporation and nonprofit association
4 engaging within this state in research and development, as to such
5 corporations and associations, the amount of tax with respect to such
6 activities is equal to the gross income derived from such activities
7 multiplied by the rate of (~~(0.484)~~) 0.2904 percent.

8 (4) Upon every person engaging within this state in the business of
9 slaughtering, breaking and/or processing perishable meat products
10 and/or selling the same at wholesale only and not at retail; as to such
11 persons the tax imposed is equal to the gross proceeds derived from
12 such sales multiplied by the rate of (~~(0.138)~~) 0.2904 percent.

13 (5) Upon every person engaging within this state in the business of
14 acting as a travel agent or tour operator; as to such persons the
15 amount of the tax with respect to such activities is equal to the gross
16 income derived from such activities multiplied by the rate of (~~(0.275)~~)
17 0.2904 percent.

18 (6) Upon every person engaging within this state in business as an
19 international steamship agent, international customs house broker,
20 international freight forwarder, vessel and/or cargo charter broker in
21 foreign commerce, and/or international air cargo agent; as to such
22 persons the amount of the tax with respect to only international
23 activities is equal to the gross income derived from such activities
24 multiplied by the rate of (~~(0.275)~~) 0.2904 percent.

25 (7) Upon every person engaging within this state in the business of
26 stevedoring and associated activities pertinent to the movement of
27 goods and commodities in waterborne interstate or foreign commerce; as
28 to such persons the amount of tax with respect to such business is
29 equal to the gross proceeds derived from such activities multiplied by
30 the rate of (~~(0.275)~~) 0.2904 percent. Persons subject to taxation
31 under this subsection are exempt from payment of taxes imposed by
32 chapter 82.16 RCW for that portion of their business subject to
33 taxation under this subsection. Stevedoring and associated activities
34 pertinent to the conduct of goods and commodities in waterborne
35 interstate or foreign commerce are defined as all activities of a
36 labor, service or transportation nature whereby cargo may be loaded or
37 unloaded to or from vessels or barges, passing over, onto or under a
38 wharf, pier, or similar structure; cargo may be moved to a warehouse or

1 similar holding or storage yard or area to await further movement in
2 import or export or may move to a consolidation freight station and be
3 stuffed, unstuffed, containerized, separated or otherwise segregated or
4 aggregated for delivery or loaded on any mode of transportation for
5 delivery to its consignee. Specific activities included in this
6 definition are: Wharfage, handling, loading, unloading, moving of
7 cargo to a convenient place of delivery to the consignee or a
8 convenient place for further movement to export mode; documentation
9 services in connection with the receipt, delivery, checking, care,
10 custody and control of cargo required in the transfer of cargo;
11 imported automobile handling prior to delivery to consignee; terminal
12 stevedoring and incidental vessel services, including but not limited
13 to plugging and unplugging refrigerator service to containers,
14 trailers, and other refrigerated cargo receptacles, and securing ship
15 hatch covers.

16 (8)(a) Upon every person engaging within this state in the business
17 of disposing of low-level waste, as defined in RCW 43.145.010; as to
18 such persons the amount of the tax with respect to such business is
19 equal to the gross income of the business, excluding any fees imposed
20 under chapter 43.200 RCW, multiplied by the rate of (~~(3.3)~~) 0.2904
21 percent.

22 (b) If the gross income of the taxpayer is attributable to
23 activities both within and without this state, the gross income
24 attributable to this state must be determined in accordance with the
25 methods of apportionment required under RCW 82.04.460.

26 (9) Upon every person engaging within this state as an insurance
27 producer or title insurance agent licensed under chapter 48.17 RCW or
28 a surplus line broker licensed under chapter 48.15 RCW; as to such
29 persons, the amount of the tax with respect to such licensed activities
30 is equal to the gross income of such business multiplied by the rate of
31 (~~(0.484)~~) 0.2904 percent.

32 (10) Upon every person engaging within this state in business as a
33 hospital, as defined in chapter 70.41 RCW, that is operated as a
34 nonprofit corporation or by the state or any of its political
35 subdivisions, as to such persons, the amount of tax with respect to
36 such activities is equal to the gross income of the business multiplied
37 by the rate of 0.75 percent through June 30, 1995, and (~~(1.5)~~) 0.2904
38 percent thereafter.

1 (11)(a) Beginning October 1, 2005, upon every person engaging
2 within this state in the business of manufacturing commercial
3 airplanes, or components of such airplanes, or making sales, at retail
4 or wholesale, of commercial airplanes or components of such airplanes,
5 manufactured by the seller, as to such persons the amount of tax with
6 respect to such business is, in the case of manufacturers, equal to the
7 value of the product manufactured and the gross proceeds of sales of
8 the product manufactured, or in the case of processors for hire, equal
9 to the gross income of the business, multiplied by the rate of:

10 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

11 (ii) 0.2904 percent beginning July 1, 2007.

12 (b) Beginning July 1, 2008, upon every person who is not eligible
13 to report under the provisions of (a) of this subsection (11) and is
14 engaging within this state in the business of manufacturing tooling
15 specifically designed for use in manufacturing commercial airplanes or
16 components of such airplanes, or making sales, at retail or wholesale,
17 of such tooling manufactured by the seller, as to such persons the
18 amount of tax with respect to such business is, in the case of
19 manufacturers, equal to the value of the product manufactured and the
20 gross proceeds of sales of the product manufactured, or in the case of
21 processors for hire, be equal to the gross income of the business,
22 multiplied by the rate of 0.2904 percent.

23 (c) For the purposes of this subsection (11), "commercial airplane"
24 and "component" have the same meanings as provided in RCW 82.32.550.

25 (d) In addition to all other requirements under this title, a
26 person reporting under the tax rate provided in this subsection (11)
27 must file a complete annual report with the department under RCW
28 82.32.534.

29 (e)(i) Except as provided in (e)(ii) of this subsection (11), this
30 subsection (11) does not apply on and after July 1, 2040.

31 (ii) With respect to the manufacturing of commercial airplanes or
32 making sales, at retail or wholesale, of commercial airplanes, this
33 subsection (11) does not apply on and after July 1st of the year in
34 which the department makes a determination that any final assembly or
35 wing assembly of any version or variant of a commercial airplane that
36 is the basis of a siting of a significant commercial airplane
37 manufacturing program in the state under RCW 82.32.--- (section 2,
38 chapter ... (ESSB 5952), Laws of 2013 3rd sp. sess.) has been sited

1 outside the state of Washington. This subsection (11)(e)(ii) only
2 applies to the manufacturing or sale of commercial airplanes that are
3 the basis of a siting of a significant commercial airplane
4 manufacturing program in the state under RCW 82.32.--- (section 2,
5 chapter ... (ESSB 5952), Laws of 2013 3rd sp. sess.).

6 (12)(a) Until July 1, 2024, upon every person engaging within this
7 state in the business of extracting timber or extracting for hire
8 timber; as to such persons the amount of tax with respect to the
9 business is, in the case of extractors, equal to the value of products,
10 including by-products, extracted, or in the case of extractors for
11 hire, equal to the gross income of the business, multiplied by the rate
12 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
13 percent from July 1, 2007, through June 30, 2024.

14 (b) Until July 1, 2024, upon every person engaging within this
15 state in the business of manufacturing or processing for hire: (i)
16 Timber into timber products or wood products; or (ii) timber products
17 into other timber products or wood products; as to such persons the
18 amount of the tax with respect to the business is, in the case of
19 manufacturers, equal to the value of products, including by-products,
20 manufactured, or in the case of processors for hire, equal to the gross
21 income of the business, multiplied by the rate of 0.4235 percent from
22 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
23 2007, through June 30, 2024.

24 (c) Until July 1, 2024, upon every person engaging within this
25 state in the business of selling at wholesale: (i) Timber extracted by
26 that person; (ii) timber products manufactured by that person from
27 timber or other timber products; or (iii) wood products manufactured by
28 that person from timber or timber products; as to such persons the
29 amount of the tax with respect to the business is equal to the gross
30 proceeds of sales of the timber, timber products, or wood products
31 multiplied by the rate of 0.4235 percent from July 1, 2006, through
32 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
33 2024.

34 (d) Until July 1, 2024, upon every person engaging within this
35 state in the business of selling standing timber; as to such persons
36 the amount of the tax with respect to the business is equal to the
37 gross income of the business multiplied by the rate of 0.2904 percent.
38 For purposes of this subsection (12)(d), "selling standing timber"

1 means the sale of timber apart from the land, where the buyer is
2 required to sever the timber within thirty months from the date of the
3 original contract, regardless of the method of payment for the timber
4 and whether title to the timber transfers before, upon, or after
5 severance.

6 (e) For purposes of this subsection, the following definitions
7 apply:

8 (i) "Biocomposite surface products" means surface material products
9 containing, by weight or volume, more than fifty percent recycled paper
10 and that also use nonpetroleum-based phenolic resin as a bonding agent.

11 (ii) "Paper and paper products" means products made of interwoven
12 cellulosic fibers held together largely by hydrogen bonding. "Paper
13 and paper products" includes newsprint; office, printing, fine, and
14 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
15 kraft bag, construction, and other kraft industrial papers; paperboard,
16 liquid packaging containers, containerboard, corrugated, and solid-
17 fiber containers including linerboard and corrugated medium; and
18 related types of cellulosic products containing primarily, by weight or
19 volume, cellulosic materials. "Paper and paper products" does not
20 include books, newspapers, magazines, periodicals, and other printed
21 publications, advertising materials, calendars, and similar types of
22 printed materials.

23 (iii) "Recycled paper" means paper and paper products having fifty
24 percent or more of their fiber content that comes from postconsumer
25 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
26 waste" means a finished material that would normally be disposed of as
27 solid waste, having completed its life cycle as a consumer item.

28 (iv) "Timber" means forest trees, standing or down, on privately or
29 publicly owned land. "Timber" does not include Christmas trees that
30 are cultivated by agricultural methods or short-rotation hardwoods as
31 defined in RCW 84.33.035.

32 (v) "Timber products" means:

33 (A) Logs, wood chips, sawdust, wood waste, and similar products
34 obtained wholly from the processing of timber, short-rotation hardwoods
35 as defined in RCW 84.33.035, or both;

36 (B) Pulp, including market pulp and pulp derived from recovered
37 paper or paper products; and

1 (C) Recycled paper, but only when used in the manufacture of
2 biocomposite surface products.

3 (vi) "Wood products" means paper and paper products; dimensional
4 lumber; engineered wood products such as particleboard, oriented strand
5 board, medium density fiberboard, and plywood; wood doors; wood
6 windows; and biocomposite surface products.

7 (f) Except for small harvesters as defined in RCW 84.33.035, a
8 person reporting under the tax rate provided in this subsection (12)
9 must file a complete annual survey with the department under RCW
10 82.32.585.

11 (13) Upon every person engaging within this state in inspecting,
12 testing, labeling, and storing canned salmon owned by another person,
13 as to such persons, the amount of tax with respect to such activities
14 is equal to the gross income derived from such activities multiplied by
15 the rate of (~~(0.484)~~) 0.2904 percent.

16 (14)(a) Upon every person engaging within this state in the
17 business of printing a newspaper, publishing a newspaper, or both, the
18 amount of tax on such business is equal to the gross income of the
19 business multiplied by the rate of 0.365 percent through June 30, 2013,
20 and beginning July 1, 2013, multiplied by the rate of (~~(0.35)~~) 0.2904
21 percent.

22 (b) A person reporting under the tax rate provided in this
23 subsection (14) must file a complete annual report with the department
24 under RCW 82.32.534.

25 **Sec. 4.** RCW 82.04.260 and 2013 3rd sp.s. c ... (ESSB 5952) s 6 are
26 each amended to read as follows:

27 (1) Upon every person engaging within this state in the business of
28 manufacturing:

29 (a) Wheat into flour, barley into pearl barley, soybeans into
30 soybean oil, canola into canola oil, canola meal, or canola by-
31 products, or sunflower seeds into sunflower oil; as to such persons the
32 amount of tax with respect to such business is equal to the value of
33 the flour, pearl barley, oil, canola meal, or canola by-product
34 manufactured, multiplied by the rate of (~~(0.138)~~) 0.2904 percent;

35 (b) Beginning July 1, 2015, seafood products that remain in a raw,
36 raw frozen, or raw salted state at the completion of the manufacturing
37 by that person; or selling manufactured seafood products that remain in

1 a raw, raw frozen, or raw salted state at the completion of the
2 manufacturing, to purchasers who transport in the ordinary course of
3 business the goods out of this state; as to such persons the amount of
4 tax with respect to such business is equal to the value of the products
5 manufactured or the gross proceeds derived from such sales, multiplied
6 by the rate of (~~0.138~~) 0.2904 percent. Sellers must keep and
7 preserve records for the period required by RCW 82.32.070 establishing
8 that the goods were transported by the purchaser in the ordinary course
9 of business out of this state;

10 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy
11 products that the person has manufactured to purchasers who either
12 transport in the ordinary course of business the goods out of state or
13 purchasers who use such dairy products as an ingredient or component in
14 the manufacturing of a dairy product; as to such persons the tax
15 imposed is equal to the value of the products manufactured or the gross
16 proceeds derived from such sales multiplied by the rate of (~~0.138~~)
17 0.2904 percent. Sellers must keep and preserve records for the period
18 required by RCW 82.32.070 establishing that the goods were transported
19 by the purchaser in the ordinary course of business out of this state
20 or sold to a manufacturer for use as an ingredient or component in the
21 manufacturing of a dairy product.

22 (ii) For the purposes of this subsection (1)(c), "dairy products"
23 means:

24 (A) Products that as of September 20, 2001, are identified in 21
25 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from
26 the manufacturing of the dairy products, such as whey and casein; and

27 (B) Products comprised of not less than seventy percent dairy
28 products that qualify under (c)(ii)(A) of this subsection, measured by
29 weight or volume.

30 (iii) The preferential tax rate provided to taxpayers under this
31 subsection (1)(c) does not apply to sales of dairy products on or after
32 July 1, 2023, where a dairy product is used by the purchaser as an
33 ingredient or component in the manufacturing in Washington of a dairy
34 product;

35 (d) Beginning July 1, 2015, fruits or vegetables by canning,
36 preserving, freezing, processing, or dehydrating fresh fruits or
37 vegetables, or selling at wholesale fruits or vegetables manufactured
38 by the seller by canning, preserving, freezing, processing, or

1 dehydrating fresh fruits or vegetables and sold to purchasers who
2 transport in the ordinary course of business the goods out of this
3 state; as to such persons the amount of tax with respect to such
4 business is equal to the value of the products manufactured or the
5 gross proceeds derived from such sales multiplied by the rate of
6 ~~((0.138))~~ 0.2904 percent. Sellers must keep and preserve records for
7 the period required by RCW 82.32.070 establishing that the goods were
8 transported by the purchaser in the ordinary course of business out of
9 this state;

10 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
11 feedstock, as those terms are defined in RCW 82.29A.135; as to such
12 persons the amount of tax with respect to the business is equal to the
13 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
14 manufactured, multiplied by the rate of 0.138 percent; and

15 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
16 persons the amount of tax with respect to the business is equal to the
17 value of wood biomass fuel manufactured, multiplied by the rate of
18 ~~((0.138))~~ 0.2904 percent.

19 (2) Upon every person engaging within this state in the business of
20 splitting or processing dried peas; as to such persons the amount of
21 tax with respect to such business is equal to the value of the peas
22 split or processed, multiplied by the rate of ~~((0.138))~~ 0.2904 percent.

23 (3) Upon every nonprofit corporation and nonprofit association
24 engaging within this state in research and development, as to such
25 corporations and associations, the amount of tax with respect to such
26 activities is equal to the gross income derived from such activities
27 multiplied by the rate of ~~((0.484))~~ 0.2904 percent.

28 (4) Upon every person engaging within this state in the business of
29 slaughtering, breaking and/or processing perishable meat products
30 and/or selling the same at wholesale only and not at retail; as to such
31 persons the tax imposed is equal to the gross proceeds derived from
32 such sales multiplied by the rate of ~~((0.138))~~ 0.2904 percent.

33 (5) Upon every person engaging within this state in the business of
34 acting as a travel agent or tour operator; as to such persons the
35 amount of the tax with respect to such activities is equal to the gross
36 income derived from such activities multiplied by the rate of ~~((0.275))~~
37 0.2904 percent.

1 (6) Upon every person engaging within this state in business as an
2 international steamship agent, international customs house broker,
3 international freight forwarder, vessel and/or cargo charter broker in
4 foreign commerce, and/or international air cargo agent; as to such
5 persons the amount of the tax with respect to only international
6 activities is equal to the gross income derived from such activities
7 multiplied by the rate of (~~0.275~~) 0.2904 percent.

8 (7) Upon every person engaging within this state in the business of
9 stevedoring and associated activities pertinent to the movement of
10 goods and commodities in waterborne interstate or foreign commerce; as
11 to such persons the amount of tax with respect to such business is
12 equal to the gross proceeds derived from such activities multiplied by
13 the rate of (~~0.275~~) 0.2904 percent. Persons subject to taxation
14 under this subsection are exempt from payment of taxes imposed by
15 chapter 82.16 RCW for that portion of their business subject to
16 taxation under this subsection. Stevedoring and associated activities
17 pertinent to the conduct of goods and commodities in waterborne
18 interstate or foreign commerce are defined as all activities of a
19 labor, service or transportation nature whereby cargo may be loaded or
20 unloaded to or from vessels or barges, passing over, onto or under a
21 wharf, pier, or similar structure; cargo may be moved to a warehouse or
22 similar holding or storage yard or area to await further movement in
23 import or export or may move to a consolidation freight station and be
24 stuffed, unstuffed, containerized, separated or otherwise segregated or
25 aggregated for delivery or loaded on any mode of transportation for
26 delivery to its consignee. Specific activities included in this
27 definition are: Wharfage, handling, loading, unloading, moving of
28 cargo to a convenient place of delivery to the consignee or a
29 convenient place for further movement to export mode; documentation
30 services in connection with the receipt, delivery, checking, care,
31 custody and control of cargo required in the transfer of cargo;
32 imported automobile handling prior to delivery to consignee; terminal
33 stevedoring and incidental vessel services, including but not limited
34 to plugging and unplugging refrigerator service to containers,
35 trailers, and other refrigerated cargo receptacles, and securing ship
36 hatch covers.

37 (8)(a) Upon every person engaging within this state in the business
38 of disposing of low-level waste, as defined in RCW 43.145.010; as to

1 such persons the amount of the tax with respect to such business is
2 equal to the gross income of the business, excluding any fees imposed
3 under chapter 43.200 RCW, multiplied by the rate of (~~(3.3)~~) 0.2904
4 percent.

5 (b) If the gross income of the taxpayer is attributable to
6 activities both within and without this state, the gross income
7 attributable to this state must be determined in accordance with the
8 methods of apportionment required under RCW 82.04.460.

9 (9) Upon every person engaging within this state as an insurance
10 producer or title insurance agent licensed under chapter 48.17 RCW or
11 a surplus line broker licensed under chapter 48.15 RCW; as to such
12 persons, the amount of the tax with respect to such licensed activities
13 is equal to the gross income of such business multiplied by the rate of
14 (~~(0.484)~~) 0.2904 percent.

15 (10) Upon every person engaging within this state in business as a
16 hospital, as defined in chapter 70.41 RCW, that is operated as a
17 nonprofit corporation or by the state or any of its political
18 subdivisions, as to such persons, the amount of tax with respect to
19 such activities is equal to the gross income of the business multiplied
20 by the rate of 0.75 percent through June 30, 1995, and (~~(1.5)~~) 0.2904
21 percent thereafter.

22 (11)(a) Beginning October 1, 2005, upon every person engaging
23 within this state in the business of manufacturing commercial
24 airplanes, or components of such airplanes, or making sales, at retail
25 or wholesale, of commercial airplanes or components of such airplanes,
26 manufactured by the seller, as to such persons the amount of tax with
27 respect to such business is, in the case of manufacturers, equal to the
28 value of the product manufactured and the gross proceeds of sales of
29 the product manufactured, or in the case of processors for hire, equal
30 to the gross income of the business, multiplied by the rate of:

- 31 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and
- 32 (ii) 0.2904 percent beginning July 1, 2007.

33 (b) Beginning July 1, 2008, upon every person who is not eligible
34 to report under the provisions of (a) of this subsection (11) and is
35 engaging within this state in the business of manufacturing tooling
36 specifically designed for use in manufacturing commercial airplanes or
37 components of such airplanes, or making sales, at retail or wholesale,
38 of such tooling manufactured by the seller, as to such persons the

1 amount of tax with respect to such business is, in the case of
2 manufacturers, equal to the value of the product manufactured and the
3 gross proceeds of sales of the product manufactured, or in the case of
4 processors for hire, be equal to the gross income of the business,
5 multiplied by the rate of 0.2904 percent.

6 (c) For the purposes of this subsection (11), "commercial airplane"
7 and "component" have the same meanings as provided in RCW 82.32.550.

8 (d) In addition to all other requirements under this title, a
9 person reporting under the tax rate provided in this subsection (11)
10 must file a complete annual report with the department under RCW
11 82.32.534.

12 (e)(i) Except as provided in (e)(ii) of this subsection (11), this
13 subsection (11) does not apply on and after July 1, 2040.

14 (ii) With respect to the manufacturing of commercial airplanes or
15 making sales, at retail or wholesale, of commercial airplanes, this
16 subsection (11) does not apply on and after July 1st of the year in
17 which the department makes a determination that any final assembly or
18 wing assembly of any version or variant of a commercial airplane that
19 is the basis of a siting of a significant commercial airplane
20 manufacturing program in the state under RCW 82.32.--- (section 2,
21 chapter ... (ESSB 5952), Laws of 2013 3rd sp. sess.) has been sited
22 outside the state of Washington. This subsection (11)(e)(ii) only
23 applies to the manufacturing or sale of commercial airplanes that are
24 the basis of a siting of a significant commercial airplane
25 manufacturing program in the state under RCW 82.32.--- (section 2,
26 chapter ... (ESSB 5952), Laws of 2013 3rd sp. sess.).

27 (12)(a) Until July 1, 2024, upon every person engaging within this
28 state in the business of extracting timber or extracting for hire
29 timber; as to such persons the amount of tax with respect to the
30 business is, in the case of extractors, equal to the value of products,
31 including by-products, extracted, or in the case of extractors for
32 hire, equal to the gross income of the business, multiplied by the rate
33 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
34 percent from July 1, 2007, through June 30, 2024.

35 (b) Until July 1, 2024, upon every person engaging within this
36 state in the business of manufacturing or processing for hire: (i)
37 Timber into timber products or wood products; or (ii) timber products
38 into other timber products or wood products; as to such persons the

1 amount of the tax with respect to the business is, in the case of
2 manufacturers, equal to the value of products, including by-products,
3 manufactured, or in the case of processors for hire, equal to the gross
4 income of the business, multiplied by the rate of 0.4235 percent from
5 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
6 2007, through June 30, 2024.

7 (c) Until July 1, 2024, upon every person engaging within this
8 state in the business of selling at wholesale: (i) Timber extracted by
9 that person; (ii) timber products manufactured by that person from
10 timber or other timber products; or (iii) wood products manufactured by
11 that person from timber or timber products; as to such persons the
12 amount of the tax with respect to the business is equal to the gross
13 proceeds of sales of the timber, timber products, or wood products
14 multiplied by the rate of 0.4235 percent from July 1, 2006, through
15 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
16 2024.

17 (d) Until July 1, 2024, upon every person engaging within this
18 state in the business of selling standing timber; as to such persons
19 the amount of the tax with respect to the business is equal to the
20 gross income of the business multiplied by the rate of 0.2904 percent.
21 For purposes of this subsection (12)(d), "selling standing timber"
22 means the sale of timber apart from the land, where the buyer is
23 required to sever the timber within thirty months from the date of the
24 original contract, regardless of the method of payment for the timber
25 and whether title to the timber transfers before, upon, or after
26 severance.

27 (e) For purposes of this subsection, the following definitions
28 apply:

29 (i) "Biocomposite surface products" means surface material products
30 containing, by weight or volume, more than fifty percent recycled paper
31 and that also use nonpetroleum-based phenolic resin as a bonding agent.

32 (ii) "Paper and paper products" means products made of interwoven
33 cellulosic fibers held together largely by hydrogen bonding. "Paper
34 and paper products" includes newsprint; office, printing, fine, and
35 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
36 kraft bag, construction, and other kraft industrial papers; paperboard,
37 liquid packaging containers, containerboard, corrugated, and solid-
38 fiber containers including linerboard and corrugated medium; and

1 related types of cellulosic products containing primarily, by weight or
2 volume, cellulosic materials. "Paper and paper products" does not
3 include books, newspapers, magazines, periodicals, and other printed
4 publications, advertising materials, calendars, and similar types of
5 printed materials.

6 (iii) "Recycled paper" means paper and paper products having fifty
7 percent or more of their fiber content that comes from postconsumer
8 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
9 waste" means a finished material that would normally be disposed of as
10 solid waste, having completed its life cycle as a consumer item.

11 (iv) "Timber" means forest trees, standing or down, on privately or
12 publicly owned land. "Timber" does not include Christmas trees that
13 are cultivated by agricultural methods or short-rotation hardwoods as
14 defined in RCW 84.33.035.

15 (v) "Timber products" means:

16 (A) Logs, wood chips, sawdust, wood waste, and similar products
17 obtained wholly from the processing of timber, short-rotation hardwoods
18 as defined in RCW 84.33.035, or both;

19 (B) Pulp, including market pulp and pulp derived from recovered
20 paper or paper products; and

21 (C) Recycled paper, but only when used in the manufacture of
22 biocomposite surface products.

23 (vi) "Wood products" means paper and paper products; dimensional
24 lumber; engineered wood products such as particleboard, oriented strand
25 board, medium density fiberboard, and plywood; wood doors; wood
26 windows; and biocomposite surface products.

27 (f) Except for small harvesters as defined in RCW 84.33.035, a
28 person reporting under the tax rate provided in this subsection (12)
29 must file a complete annual survey with the department under RCW
30 82.32.585.

31 (13) Upon every person engaging within this state in inspecting,
32 testing, labeling, and storing canned salmon owned by another person,
33 as to such persons, the amount of tax with respect to such activities
34 is equal to the gross income derived from such activities multiplied by
35 the rate of (~~0.484~~) 0.2904 percent.

36 (14)(a) Upon every person engaging within this state in the
37 business of printing a newspaper, publishing a newspaper, or both, the

1 amount of tax on such business is equal to the gross income of the
2 business multiplied by the rate of 0.2904 percent.

3 (b) A person reporting under the tax rate provided in this
4 subsection (14) must file a complete annual report with the department
5 under RCW 82.32.534.

6 **Sec. 5.** RCW 82.04.290 and 2013 c 23 s 314 are each amended to read
7 as follows:

8 (1) Upon every person engaging within this state in the business of
9 providing international investment management services, as to such
10 persons, the amount of tax with respect to such business (~~(shall be)~~)
11 is equal to the gross income or gross proceeds of sales of the business
12 multiplied by a rate of (~~(0.275)~~) 0.2904 percent.

13 (2)(a) Upon every person engaging within this state in any business
14 activity other than or in addition to an activity taxed explicitly
15 under another section in this chapter or subsection (1) or (3) of this
16 section; as to such persons the amount of tax on account of such
17 activities (~~(shall be)~~) is equal to the gross income of the business
18 multiplied by the rate of (~~(1.5)~~) 0.2904 percent.

19 (b) This subsection (2) includes, among others, and without
20 limiting the scope hereof (whether or not title to materials used in
21 the performance of such business passes to another by accession,
22 confusion or other than by outright sale), persons engaged in the
23 business of rendering any type of service which does not constitute a
24 "sale at retail" or a "sale at wholesale." The value of advertising,
25 demonstration, and promotional supplies and materials furnished to an
26 agent by his or her principal or supplier to be used for informational,
27 educational, and promotional purposes (~~(shall)~~) is not (~~(be)~~)
28 considered a part of the agent's remuneration or commission and
29 (~~(shall)~~) is not (~~(be)~~) subject to taxation under this section.

30 (3)(a) Until July 1, 2024, upon every person engaging within this
31 state in the business of performing aerospace product development for
32 others, as to such persons, the amount of tax with respect to such
33 business (~~(shall be)~~) is equal to the gross income of the business
34 multiplied by a rate of 0.9 percent.

35 (b) "Aerospace product development" has the meaning as provided in
36 RCW 82.04.4461.

1 **Sec. 6.** RCW 82.04.290 and 2013 3rd sp.s. c . . . (ESSB 5952) s 8
2 are each amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 providing international investment management services, as to such
5 persons, the amount of tax with respect to such business is equal to
6 the gross income or gross proceeds of sales of the business multiplied
7 by a rate of (~~(0.275)~~) 0.2904 percent.

8 (2)(a) Upon every person engaging within this state in any business
9 activity other than or in addition to an activity taxed explicitly
10 under another section in this chapter or subsection (1) or (3) of this
11 section; as to such persons the amount of tax on account of such
12 activities is equal to the gross income of the business multiplied by
13 the rate of (~~(1.5)~~) 0.2904 percent.

14 (b) This subsection (2) includes, among others, and without
15 limiting the scope hereof (whether or not title to materials used in
16 the performance of such business passes to another by accession,
17 confusion or other than by outright sale), persons engaged in the
18 business of rendering any type of service which does not constitute a
19 "sale at retail" or a "sale at wholesale." The value of advertising,
20 demonstration, and promotional supplies and materials furnished to an
21 agent by his or her principal or supplier to be used for informational,
22 educational, and promotional purposes is not considered a part of the
23 agent's remuneration or commission and is not subject to taxation under
24 this section.

25 (3)(a) Until July 1, 2040, upon every person engaging within this
26 state in the business of performing aerospace product development for
27 others, as to such persons, the amount of tax with respect to such
28 business is equal to the gross income of the business multiplied by a
29 rate of 0.9 percent.

30 (b) "Aerospace product development" has the meaning as provided in
31 RCW 82.04.4461.

32 **Sec. 7.** RCW 82.04.230 and 2006 c 300 s 5 are each amended to read
33 as follows:

34 (1) Upon every person engaging within this state in business as an
35 extractor, except persons taxable as an extractor under any other
36 provision in this chapter; as to such persons the amount of the tax

1 with respect to such business (~~shall be~~) is equal to the value of the
2 products, including by-products, extracted for sale or for commercial
3 or industrial use, multiplied by the rate of (~~0.484~~) 0.2904 percent.

4 (2) The measure of the tax is the value of the products, including
5 by-products, so extracted, regardless of the place of sale or the fact
6 that deliveries may be made to points outside the state.

7 **Sec. 8.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read
8 as follows:

9 (1) Upon every person engaging within this state in business as a
10 manufacturer, except persons taxable as manufacturers under other
11 provisions of this chapter; as to such persons the amount of the tax
12 with respect to such business (~~shall be~~) is equal to the value of the
13 products, including byproducts, manufactured, multiplied by the rate of
14 (~~0.484~~) 0.2904 percent.

15 (2) The measure of the tax is the value of the products, including
16 byproducts, so manufactured regardless of the place of sale or the fact
17 that deliveries may be made to points outside the state.

18 **Sec. 9.** RCW 82.04.240 and 2010 c 114 s 104 are each amended to
19 read as follows:

20 (1) Upon every person engaging within this state in business as a
21 manufacturer, except persons taxable as manufacturers under other
22 provisions of this chapter; as to such persons the amount of the tax
23 with respect to such business is equal to the value of the products,
24 including byproducts, manufactured, multiplied by the rate of (~~0.484~~)
25 0.2904 percent.

26 (2)(a) Upon every person engaging within this state in the business
27 of manufacturing semiconductor materials, as to such persons the amount
28 of tax with respect to such business is, in the case of manufacturers,
29 equal to the value of the product manufactured, or, in the case of
30 processors for hire, equal to the gross income of the business,
31 multiplied by the rate of (~~0.275~~) 0.2904 percent. For the purposes
32 of this subsection "semiconductor materials" means silicon crystals,
33 silicon ingots, raw polished semiconductor wafers, compound
34 semiconductors, integrated circuits, and microchips.

35 (b) A person reporting under the tax rate provided in this

1 subsection (2) must file a complete annual report with the department
2 under RCW 82.32.534.

3 (c) This subsection (2) expires twelve years after the effective
4 date of this act.

5 (3) The measure of the tax is the value of the products, including
6 byproducts, so manufactured regardless of the place of sale or the fact
7 that deliveries may be made to points outside the state.

8 **Sec. 10.** RCW 82.04.2404 and 2010 c 114 s 105 are each amended to
9 read as follows:

10 (1) Upon every person engaging within this state in the business of
11 manufacturing or processing for hire semiconductor materials, as to
12 such persons the amount of tax with respect to such business is, in the
13 case of manufacturers, equal to the value of the product manufactured,
14 or, in the case of processors for hire, equal to the gross income of
15 the business, multiplied by the rate of (~~(0.275)~~) 0.2904 percent.

16 (2) For the purposes of this section "semiconductor materials"
17 means silicon crystals, silicon ingots, raw polished semiconductor
18 wafers, and compound semiconductor wafers.

19 (3) A person reporting under the tax rate provided in this section
20 must file a complete annual report with the department under RCW
21 82.32.534.

22 (4) This section expires December 1, 2018.

23 **Sec. 11.** RCW 82.04.255 and 2011 c 322 s 2 are each amended to read
24 as follows:

25 (1) Upon every person engaging within the state in the business of
26 providing real estate brokerage services; as to such persons, the
27 amount of the tax with respect to such business is equal to the gross
28 income of the business, multiplied by the rate of (~~(1.5)~~) 0.2904
29 percent.

30 (2) The measure of the tax on real estate commissions earned by the
31 real estate firm is the gross commission earned by the particular real
32 estate firm including that portion of the commission paid to brokers,
33 including designated and managing brokers, in the same firm on a
34 particular transaction. However, when a real estate commission on a
35 particular transaction is divided among real estate firms at the
36 closing of the transaction, including a firm located out of state, each

1 firm must pay the tax only upon its respective shares of said
2 commission. Moreover, when the real estate firm has paid the tax as
3 provided herein, brokers, including designated and managing brokers,
4 within the same real estate firm may not be required to pay a similar
5 tax upon the same transaction. If any firm located out of state
6 receives a share of commission on a particular transaction, that
7 company or broker must pay the tax based on the requirements of this
8 section and RCW 82.04.067.

9 (3) For the purposes of this section, "broker," "designated
10 broker," "managing broker," and "real estate firm" have the same
11 meaning as provided in RCW 18.85.011.

12 **Sec. 12.** RCW 82.04.257 and 2010 c 111 s 301 are each amended to
13 read as follows:

14 (1) Except as provided in subsection (2) of this section, upon
15 every person engaging within this state in the business of making sales
16 at retail or wholesale of digital goods, digital codes, digital
17 automated services, or services described in RCW 82.04.050 (2)(g) or
18 (6)(b), as to such persons, the amount of tax with respect to such
19 business is equal to the gross proceeds of sales of the business,
20 multiplied by the rate of ~~((0.471))~~ 0.2904 percent ~~((in the case of))~~
21 for both retail sales and ~~((by the rate of 0.484 percent in the case~~
22 ~~of))~~ wholesale sales.

23 (2) Persons providing subscription television services or
24 subscription radio services are subject to tax under RCW 82.04.290(2)
25 on the gross income of the business received from providing such
26 services.

27 (3) For purposes of this section, a person is considered to be
28 engaging within this state in the business of making sales of digital
29 goods, digital codes, digital automated services, or services described
30 in RCW 82.04.050 (2)(g) or (6)(b), if the person makes sales of digital
31 goods, digital codes, digital automated services, or services described
32 in RCW 82.04.050 (2)(g) or (6)(b) and the sales are sourced to this
33 state under RCW 82.32.730 for sales tax purposes or would have been
34 sourced to this state under RCW 82.32.730 if the sale had been taxable
35 under chapter 82.08 RCW.

36 (4) A person subject to tax under this section is subject to the
37 mandatory electronic filing and payment requirements in RCW 82.32.080.

1 **Sec. 13.** RCW 82.04.263 and 2009 c 469 s 202 are each amended to
2 read as follows:

3 (1) Upon every person engaging within this state in the business of
4 cleaning up for the United States, or its instrumentalities,
5 radioactive waste and other by-products of weapons production and
6 nuclear research and development; as to such persons the amount of the
7 tax with respect to such business (~~(shall be)~~) is equal to the gross
8 income of the business multiplied by the rate of (~~(0.471)~~) 0.2904
9 percent.

10 (2) For the purposes of this chapter, "cleaning up radioactive
11 waste and other by-products of weapons production and nuclear research
12 and development" means:

13 (a) The activities of handling, storing, treating, immobilizing,
14 stabilizing, or disposing of radioactive waste, radioactive tank waste
15 and capsules, nonradioactive hazardous solid and liquid wastes, or
16 spent nuclear fuel;

17 (b) Spent nuclear fuel conditioning;

18 (c) Removal of contamination in soils and groundwater;

19 (d) Decontamination and decommissioning of facilities; and

20 (e) Services supporting the performance of cleanup. For the
21 purposes of this subsection (2)(e), a service supports the performance
22 of cleanup if it:

23 (i) Is within the scope of work under a clean-up contract with the
24 United States department of energy; or

25 (ii) Assists in the accomplishment of a requirement of a clean-up
26 project undertaken by the United States department of energy under a
27 subcontract entered into with the prime contractor or another
28 subcontractor in furtherance of a clean-up contract between the United
29 States department of energy and a prime contractor.

30 (3) A service does not assist in the accomplishment of a
31 requirement of a clean-up project undertaken by the United States
32 department of energy if the same services are routinely provided to
33 businesses not engaged in clean-up activities, except that the
34 following services are always deemed to contribute to the
35 accomplishment of a requirement of a clean-up project undertaken by the
36 United States department of energy:

37 (a) Information technology and computer support services;

38 (b) Services rendered in respect to infrastructure; and

1 (c) Security, safety, and health services.

2 (4) The legislature intends that the examples provided in this
3 subsection be used as a guideline when determining whether a service is
4 "routinely provided to businesses not engaged in clean-up activities"
5 as that phrase is used in subsection (3) of this section.

6 (a) The radioactive waste clean-up classification does not apply to
7 general accounting services but does apply to performance audits
8 performed for persons cleaning up radioactive waste.

9 (b) The radioactive waste clean-up classification does not apply to
10 general legal services but does apply to those legal services that
11 assist in the accomplishment of a requirement of a clean-up project
12 undertaken by the United States department of energy. Thus, legal
13 services provided to contest any local, state, or federal tax liability
14 or to defend a company against a workers' compensation claim arising
15 from a worksite injury do not qualify for the radioactive waste clean-
16 up classification. But, legal services related to the resolution of a
17 contractual dispute between the parties to a clean-up contract between
18 the United States department of energy and a prime contractor do
19 qualify.

20 (c) General office janitorial services do not qualify for the
21 radioactive waste clean-up classification, but the specialized cleaning
22 of equipment exposed to radioactive waste does qualify.

23 **Sec. 14.** RCW 82.04.270 and 2004 c 24 s 5 are each amended to read
24 as follows:

25 Upon every person engaging within this state in the business of
26 making sales at wholesale, except persons taxable as wholesalers under
27 other provisions of this chapter; as to such persons the amount of tax
28 with respect to such business (~~shall be~~) is equal to the gross
29 proceeds of sales of such business multiplied by the rate of (~~0.484~~)
30 0.2904 percent.

31 **Sec. 15.** RCW 82.04.272 and 2013 c 19 s 127 are each amended to
32 read as follows:

33 (1) Upon every person engaging within this state in the business of
34 warehousing and reselling drugs for human use pursuant to a
35 prescription; as to such persons, the amount of the tax (~~shall be~~) is

1 equal to the gross income of the business multiplied by the rate of
2 (~~(0.138)~~) 0.2904 percent.

3 (2) For the purposes of this section:

4 (a) "Prescription" and "drug" have the same meaning as in RCW
5 82.08.0281; and

6 (b) "Warehousing and reselling drugs for human use pursuant to a
7 prescription" means the buying of drugs for human use pursuant to a
8 prescription from a manufacturer or another wholesaler, and reselling
9 of the drugs to persons selling at retail or to hospitals, clinics,
10 health care providers, or other providers of health care services, by
11 a wholesaler or retailer who is registered with the federal drug
12 enforcement administration and licensed by the pharmacy quality
13 assurance commission.

14 **Sec. 16.** RCW 82.04.280 and 2010 c 106 s 205 are each amended to
15 read as follows:

16 (1) Upon every person engaging within this state in the business
17 of: (a) Printing materials other than newspapers, and of publishing
18 periodicals or magazines; (b) building, repairing or improving any
19 street, place, road, highway, easement, right-of-way, mass public
20 transportation terminal or parking facility, bridge, tunnel, or trestle
21 which is owned by a municipal corporation or political subdivision of
22 the state or by the United States and which is used or to be used,
23 primarily for foot or vehicular traffic including mass transportation
24 vehicles of any kind and including any readjustment, reconstruction or
25 relocation of the facilities of any public, private or cooperatively
26 owned utility or railroad in the course of such building, repairing or
27 improving, the cost of which readjustment, reconstruction, or
28 relocation, is the responsibility of the public authority whose street,
29 place, road, highway, easement, right-of-way, mass public
30 transportation terminal or parking facility, bridge, tunnel, or trestle
31 is being built, repaired or improved; (c) extracting for hire or
32 processing for hire, except persons taxable as extractors for hire or
33 processors for hire under another section of this chapter; (d)
34 operating a cold storage warehouse or storage warehouse, but not
35 including the rental of cold storage lockers; (e) representing and
36 performing services for fire or casualty insurance companies as an
37 independent resident managing general agent licensed under the

1 provisions of chapter 48.17 RCW; (f) radio and television broadcasting,
2 excluding network, national and regional advertising computed as a
3 standard deduction based on the national average thereof as annually
4 reported by the federal communications commission, or in lieu thereof
5 by itemization by the individual broadcasting station, and excluding
6 that portion of revenue represented by the out-of-state audience
7 computed as a ratio to the station's total audience as measured by the
8 100 micro-volt signal strength and delivery by wire, if any; (g)
9 engaging in activities which bring a person within the definition of
10 consumer contained in RCW 82.04.190(6); as to such persons, the amount
11 of tax on such business is equal to the gross income of the business
12 multiplied by the rate of (~~0.484~~) 0.2904 percent.

13 (2) For the purposes of this section, the following definitions
14 apply unless the context clearly requires otherwise.

15 (a) "Cold storage warehouse" means a storage warehouse used to
16 store fresh and/or frozen perishable fruits or vegetables, meat,
17 seafood, dairy products, or fowl, or any combination thereof, at a
18 desired temperature to maintain the quality of the product for orderly
19 marketing.

20 (b) "Storage warehouse" means a building or structure, or any part
21 thereof, in which goods, wares, or merchandise are received for storage
22 for compensation, except field warehouses, fruit warehouses, fruit
23 packing plants, warehouses licensed under chapter 22.09 RCW, public
24 garages storing automobiles, railroad freight sheds, docks and wharves,
25 and "self-storage" or "mini storage" facilities whereby customers have
26 direct access to individual storage areas by separate entrance.
27 "Storage warehouse" does not include a building or structure, or that
28 part of such building or structure, in which an activity taxable under
29 RCW 82.04.272 is conducted.

30 (c) "Periodical or magazine" means a printed publication, other
31 than a newspaper, issued regularly at stated intervals at least once
32 every three months, including any supplement or special edition of the
33 publication.

34 **Sec. 17.** RCW 82.04.280 and 2010 c 106 s 206 are each amended to
35 read as follows:

36 (1) Upon every person engaging within this state in the business
37 of: (a) Printing materials other than newspapers, and of publishing

1 periodicals or magazines; (b) building, repairing or improving any
2 street, place, road, highway, easement, right-of-way, mass public
3 transportation terminal or parking facility, bridge, tunnel, or trestle
4 which is owned by a municipal corporation or political subdivision of
5 the state or by the United States and which is used or to be used,
6 primarily for foot or vehicular traffic including mass transportation
7 vehicles of any kind and including any readjustment, reconstruction or
8 relocation of the facilities of any public, private or cooperatively
9 owned utility or railroad in the course of such building, repairing or
10 improving, the cost of which readjustment, reconstruction, or
11 relocation, is the responsibility of the public authority whose street,
12 place, road, highway, easement, right-of-way, mass public
13 transportation terminal or parking facility, bridge, tunnel, or trestle
14 is being built, repaired or improved; (c) extracting for hire or
15 processing for hire, except persons taxable as extractors for hire or
16 processors for hire under another section of this chapter; (d)
17 operating a cold storage warehouse or storage warehouse, but not
18 including the rental of cold storage lockers; (e) representing and
19 performing services for fire or casualty insurance companies as an
20 independent resident managing general agent licensed under the
21 provisions of chapter 48.17 RCW; (f) radio and television broadcasting,
22 excluding network, national and regional advertising computed as a
23 standard deduction based on the national average thereof as annually
24 reported by the federal communications commission, or in lieu thereof
25 by itemization by the individual broadcasting station, and excluding
26 that portion of revenue represented by the out-of-state audience
27 computed as a ratio to the station's total audience as measured by the
28 100 micro-volt signal strength and delivery by wire, if any; (g)
29 engaging in activities which bring a person within the definition of
30 consumer contained in RCW 82.04.190(6); as to such persons, the amount
31 of tax on such business is equal to the gross income of the business
32 multiplied by the rate of (~~0.484~~) 0.2904 percent.

33 (2) For the purposes of this section, the following definitions
34 apply unless the context clearly requires otherwise.

35 (a) "Cold storage warehouse" means a storage warehouse used to
36 store fresh and/or frozen perishable fruits or vegetables, meat,
37 seafood, dairy products, or fowl, or any combination thereof, at a

1 desired temperature to maintain the quality of the product for orderly
2 marketing.

3 (b) "Storage warehouse" means a building or structure, or any part
4 thereof, in which goods, wares, or merchandise are received for storage
5 for compensation, except field warehouses, fruit warehouses, fruit
6 packing plants, warehouses licensed under chapter 22.09 RCW, public
7 garages storing automobiles, railroad freight sheds, docks and wharves,
8 and "self-storage" or "mini storage" facilities whereby customers have
9 direct access to individual storage areas by separate entrance.
10 "Storage warehouse" does not include a building or structure, or that
11 part of such building or structure, in which an activity taxable under
12 RCW 82.04.272 is conducted.

13 (c) "Periodical or magazine" means a printed publication, other
14 than a newspaper, issued regularly at stated intervals at least once
15 every three months, including any supplement or special edition of the
16 publication.

17 **Sec. 18.** RCW 82.04.285 and 2005 c 369 s 5 are each amended to read
18 as follows:

19 (1) Upon every person engaging within this state in the business of
20 operating contests of chance; as to such persons, the amount of tax
21 with respect to the business of operating contests of chance is equal
22 to the gross income of the business derived from contests of chance
23 multiplied by the rate of (~~1.5~~) 0.2904 percent.

24 (2) An additional tax is imposed on those persons subject to tax in
25 subsection (1) of this section. The amount of the additional tax with
26 respect to the business of operating contests of chance is equal to the
27 gross income of the business derived from contests of chance multiplied
28 by the rate of 0.1 percent through June 30, 2006, and 0.13 percent
29 thereafter. The money collected under this subsection (2) shall be
30 deposited in the problem gambling account created in RCW 43.20A.892.
31 This subsection does not apply to businesses operating contests of
32 chance when the gross income from the operation of contests of chance
33 is less than fifty thousand dollars per year.

34 (3) For the purpose of this section, "contests of chance" means any
35 contests, games, gaming schemes, or gaming devices, other than the
36 state lottery as defined in RCW 67.70.010, in which the outcome depends
37 in a material degree upon an element of chance, notwithstanding that

1 skill of the contestants may also be a factor in the outcome. The term
2 includes social card games, bingo, raffle, and punchboard games, and
3 pull-tabs as defined in chapter 9.46 RCW. The term does not include
4 race meets for the conduct of which a license must be secured from the
5 Washington horse racing commission, or "amusement game" as defined in
6 RCW 9.46.0201.

7 (4) "Gross income of the business" does not include the monetary
8 value or actual cost of any prizes that are awarded, amounts paid to
9 players for winning wagers, accrual of prizes for progressive jackpot
10 contests, or repayment of amounts used to seed guaranteed progressive
11 jackpot prizes.

12 **Sec. 19.** RCW 82.04.286 and 2005 c 369 s 6 are each amended to read
13 as follows:

14 (1) Upon every person engaging within this state in the business of
15 conducting race meets for the conduct of which a license must be
16 secured from the Washington horse racing commission; as to such
17 persons, the amount of tax with respect to the business of parimutuel
18 wagering is equal to the gross income of the business derived from
19 parimutuel wagering multiplied by the rate of 0.1 percent through June
20 30, 2006, and (~~(0.13)~~) 0.2904 percent thereafter. The money collected
21 under this section (~~(shall)~~) must be deposited in the problem gambling
22 account created in RCW 43.20A.892.

23 (2) For purposes of this section, "gross income of the business"
24 does not include amounts paid to players for winning wagers, or taxes
25 imposed or other distributions required under chapter 67.16 RCW.

26 (3) The tax imposed under this section is in addition to any tax
27 imposed under chapter 67.16 RCW.

28 **Sec. 20.** RCW 82.04.2905 and 1998 c 312 s 7 are each amended to
29 read as follows:

30 Upon every person engaging within this state in the business of
31 providing child care for periods of less than twenty-four hours; as to
32 such persons the amount of tax with respect to such business (~~(shall~~
33 ~~be)~~) is equal to the gross proceeds derived from such sales multiplied
34 by the rate of (~~(0.484)~~) 0.2904 percent.

1 **Sec. 21.** RCW 82.04.2906 and 2003 c 343 s 1 are each amended to
2 read as follows:

3 (1) Upon every person engaging within this state in the business of
4 providing intensive inpatient or recovery house residential treatment
5 services for chemical dependency, certified by the department of social
6 and health services, for which payment from the United States or any
7 instrumentality thereof or from the state of Washington or any
8 municipal corporation or political subdivision thereof is received as
9 compensation for or to support those services; as to such persons the
10 amount of tax with respect to such business (~~shall be~~) is equal to
11 the gross income from such services multiplied by the rate of (~~0.484~~)
12 0.2904 percent.

13 (2) If the persons described in subsection (1) of this section
14 receive income from sources other than those described in subsection
15 (1) of this section or provide services other than those named in
16 subsection (1) of this section, that income and those services are
17 subject to tax as otherwise provided in this chapter.

18 **Sec. 22.** RCW 82.04.2907 and 2010 1st sp.s. c 23 s 107 are each
19 amended to read as follows:

20 (1) Upon every person engaging within this state in the business of
21 receiving income from royalties, the amount of tax with respect to the
22 business is equal to the gross income from royalties multiplied by the
23 rate of (~~0.484~~) 0.2904 percent.

24 (2) For the purposes of this section, "gross income from royalties"
25 means compensation for the use of intangible property, including
26 charges in the nature of royalties, regardless of where the intangible
27 property will be used. For purposes of this subsection, "intangible
28 property" includes copyrights, patents, licenses, franchises,
29 trademarks, trade names, and similar items. "Gross income from
30 royalties" does not include compensation for any natural resource, the
31 licensing of prewritten computer software to the end user, or the
32 licensing of digital goods, digital codes, or digital automated
33 services to the end user as defined in RCW 82.04.190(11).

34 **Sec. 23.** RCW 82.04.2908 and 2012 c 10 s 70 are each amended to
35 read as follows:

36 (1) Upon every person engaging within this state in the business of

1 providing room and domiciliary care to residents of an assisted living
2 facility licensed under chapter 18.20 RCW, the amount of tax with
3 respect to such business (~~(shall be)~~) is equal to the gross income of
4 the business, multiplied by the rate of (~~(0.275)~~) 0.2904 percent.

5 (2) For the purposes of this section, "domiciliary care" has the
6 meaning provided in RCW 18.20.020.

7 **Sec. 24.** RCW 82.04.294 and 2013 2nd sp.s. c 13 s 902 are each
8 amended to read as follows:

9 (1) Upon every person engaging within this state in the business of
10 manufacturing solar energy systems using photovoltaic modules or
11 stirling converters, or of manufacturing solar grade silicon, silicon
12 solar wafers, silicon solar cells, thin film solar devices, or compound
13 semiconductor solar wafers to be used exclusively in components of such
14 systems; as to such persons the amount of tax with respect to such
15 business is, in the case of manufacturers, equal to the value of the
16 product manufactured, or in the case of processors for hire, equal to
17 the gross income of the business, multiplied by the rate of (~~(0.275)~~)
18 0.2904 percent.

19 (2) Upon every person engaging within this state in the business of
20 making sales at wholesale of solar energy systems using photovoltaic
21 modules or stirling converters, or of solar grade silicon, silicon
22 solar wafers, silicon solar cells, thin film solar devices, or compound
23 semiconductor solar wafers to be used exclusively in components of such
24 systems, manufactured by that person; as to such persons the amount of
25 tax with respect to such business is equal to the gross proceeds of
26 sales of the solar energy systems using photovoltaic modules or
27 stirling converters, or of the solar grade silicon to be used
28 exclusively in components of such systems, multiplied by the rate of
29 (~~(0.275)~~) 0.2904 percent.

30 (3) Silicon solar wafers, silicon solar cells, thin film solar
31 devices, solar grade silicon, or compound semiconductor solar wafers
32 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
33 82.12.9651.

34 (4) The definitions in this subsection apply throughout this
35 section.

36 (a) "Compound semiconductor solar wafers" means a semiconductor

1 solar wafer composed of elements from two or more different groups of
2 the periodic table.

3 (b) "Module" means the smallest nondivisible self-contained
4 physical structure housing interconnected photovoltaic cells and
5 providing a single direct current electrical output.

6 (c) "Photovoltaic cell" means a device that converts light directly
7 into electricity without moving parts.

8 (d) "Silicon solar cells" means a photovoltaic cell manufactured
9 from a silicon solar wafer.

10 (e) "Silicon solar wafers" means a silicon wafer manufactured for
11 solar conversion purposes.

12 (f) "Solar energy system" means any device or combination of
13 devices or elements that rely upon direct sunlight as an energy source
14 for use in the generation of electricity.

15 (g) "Solar grade silicon" means high-purity silicon used
16 exclusively in components of solar energy systems using photovoltaic
17 modules to capture direct sunlight. "Solar grade silicon" does not
18 include silicon used in semiconductors.

19 (h) "Stirling converter" means a device that produces electricity
20 by converting heat from a solar source utilizing a stirling engine.

21 (i) "Thin film solar devices" means a nonparticipating substrate on
22 which various semiconducting materials are deposited to produce a
23 photovoltaic cell that is used to generate electricity.

24 (5) A person reporting under the tax rate provided in this section
25 must file a complete annual survey with the department under RCW
26 82.32.585.

27 (6) This section expires June 30, 2017.

28 **Sec. 25.** RCW 82.04.298 and 2011 c 2 s 204 are each amended to read
29 as follows:

30 (1) The amount of tax with respect to a qualified grocery
31 distribution cooperative's sales of groceries or related goods for
32 resale, excluding items subject to tax under RCW 82.04.260(4), to
33 customer-owners of the grocery distribution cooperative is equal to the
34 gross proceeds of sales of the grocery distribution cooperative
35 multiplied by the rate of (~~one and one-half~~) 0.2904 percent.

36 (2) A qualified grocery distribution cooperative is allowed a
37 deduction from the gross proceeds of sales of groceries or related

1 goods for resale, excluding items subject to tax under RCW
2 82.04.260(4), to customer-owners of the grocery distribution
3 cooperative that is equal to the portion of the gross proceeds of sales
4 for resale that represents the actual cost of the merchandise sold by
5 the grocery distribution cooperative to customer-owners.

6 (3) The definitions in this subsection apply throughout this
7 section unless the context clearly requires otherwise.

8 (a) "Grocery distribution cooperative" means an entity that sells
9 groceries and related items to customer-owners of the grocery
10 distribution cooperative and has customer-owners, in the aggregate, who
11 own a majority of the outstanding ownership interests of the grocery
12 distribution cooperative or of the entity controlling the grocery
13 distribution cooperative. "Grocery distribution cooperative" includes
14 an entity that controls a grocery distribution cooperative.

15 (b) "Qualified grocery distribution cooperative" means:

16 (i) A grocery distribution cooperative that has been determined by
17 a court of record of the state of Washington to be not engaged in
18 wholesaling or making sales at wholesale, within the meaning of RCW
19 82.04.270 or any similar provision of a municipal ordinance that
20 imposes a tax on gross receipts, gross proceeds of sales, or gross
21 income, with respect to purchases made by customer-owners, and
22 subsequently changes its form of doing business to make sales at
23 wholesale of groceries or related items to its customer-owners; or

24 (ii) A grocery distribution cooperative that has acquired
25 substantially all of the assets of a grocery distribution cooperative
26 described in (b)(i) of this subsection.

27 (c) "Customer-owner" means a person who has an ownership interest
28 in a grocery distribution cooperative and purchases groceries and
29 related items at wholesale from that grocery distribution cooperative.

30 (d) "Controlling" means holding fifty percent or more of the voting
31 interests of an entity and having at least equal power to direct or
32 cause the direction of the management and policies of the entity,
33 whether through the ownership of voting securities, by contract, or
34 otherwise.

35 **Sec. 26.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s 401
36 are each reenacted and amended to read as follows:

37 (1)(a) Sections 9 and 17, chapter . . ., Laws of 2013 4th sp. sess.

1 (sections 9 and 17 of this act), section 206, chapter 106, Laws of
2 2010, sections 104, 110, 117, 123, 125, 129, 131, and 150, chapter 114,
3 Laws of 2010, section 3, chapter 461, Laws of 2009, section 7, chapter
4 300, Laws of 2006, and section 4, chapter 149, Laws of 2003 are
5 contingent upon the siting and commercial operation of a significant
6 semiconductor microchip fabrication facility in the state of
7 Washington.

8 (b) For the purposes of this section:

9 (i) "Commercial operation" means the same as "commencement of
10 commercial production" as used in RCW 82.08.965.

11 (ii) "Semiconductor microchip fabrication" means "manufacturing
12 semiconductor microchips" as defined in RCW 82.04.426.

13 (iii) "Significant" means the combined investment of new buildings
14 and new machinery and equipment in the buildings, at the commencement
15 of commercial production, will be at least one billion dollars.

16 (2) Chapter 149, Laws of 2003 takes effect the first day of the
17 month in which a contract for the construction of a significant
18 semiconductor fabrication facility is signed, as determined by the
19 director of the department of revenue.

20 (3)(a) The department of revenue must provide notice of the
21 effective date of sections 9 and 17, chapter . . . , Laws of 2013 4th
22 sp. sess. (sections 9 and 17 of this act), sections 104, 110, 117, 123,
23 125, 129, 131, and 150, chapter 114, Laws of 2010(~~(+)~~), section 3,
24 chapter 461, Laws of 2009, section 7, chapter 300, Laws of 2006, and
25 section 4, chapter 149, Laws of 2003 to affected taxpayers, the
26 legislature, and others as deemed appropriate by the department.

27 (b) If, after making a determination that a contract has been
28 signed and chapter 149, Laws of 2003 is effective, the department
29 discovers that commencement of commercial production did not take place
30 within three years of the date the contract was signed, the department
31 must make a determination that chapter 149, Laws of 2003 is no longer
32 effective, and all taxes that would have been otherwise due are deemed
33 deferred taxes and are immediately assessed and payable from any person
34 reporting tax under RCW 82.04.240(2) or claiming an exemption or credit
35 under section 2 or 5 through 10, chapter 149, Laws of 2003. The
36 department is not authorized to make a second determination regarding
37 the effective date of chapter 149, Laws of 2003.

1 NEW SECTION. **Sec. 27.** Section 1 of this act expires July 1, 2015.

2 NEW SECTION. **Sec. 28.** Section 2 of this act takes effect July 1,
3 2015.

4 NEW SECTION. **Sec. 29.** Section 3 of this act expires July 1, 2015,
5 subject to the contingency stated in section 2, chapter . . . (ESSB
6 5952), Laws of 2013 3rd sp. sess.

7 NEW SECTION. **Sec. 30.** Section 4 of this act takes effect July 1,
8 2015, subject to the contingency stated in section 2, chapter . . .
9 (ESSB 5952), Laws of 2013 3rd sp. sess.

10 NEW SECTION. **Sec. 31.** Section 6 of this act takes effect subject
11 to the contingency stated in section 2, chapter . . . (ESSB 5952), Laws
12 of 2013 3rd sp. sess.

13 NEW SECTION. **Sec. 32.** Section 5 of this act expires on the date
14 that section 6 of this act takes effect.

15 NEW SECTION. **Sec. 33.** Section 8 of this act expires on the date
16 that section 9 of this act takes effect.

17 NEW SECTION. **Sec. 34.** Section 16 of this act expires on the date
18 that section 17 of this act takes effect.

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